



AUTOMOTIVE AFTERMARKET

Market Overview

- In 2004 registered passenger vehicles totaled **7 million**.
- Average vehicle life span ranges from **10 to 15 years**.
- Japanese market share for new cars dropped from 80% in 2001 to 67% in 2004, with **U.S. producers gaining share**.
- **86,000 new units** were sold in 2004; U.S. share is 12%.
- **Low End** buyers (70% of the market) **strongly favor third party** rather than OEM products.



Sub-Sectors and Competition

- **Engine Replacement**- Demand is strong for engines and associated parts including hoses, belts, filters, transmission parts, radiators, etc. to keep aging vehicles on the road.
- **Body Parts and Mechanical Replacement**- Demand continues to increase for fenders, axles, clutches (predominantly a manual transmission market), brakes, brake pads, mufflers and exhaust systems.
- **Auto Electric**- Batteries, light bulbs, air conditioners and compressors.
- U.S. producers dominate commodity **oil and lubricants market**, with a heavy focus on price.

Commercial Opportunities

- With growth of U.S. share, **demand for U.S. after market products** remains strong into future.
- Given old age of registered vehicles, U.S. manufacturers should consider providing **after market products for Japanese models**, particularly for older model Toyotas.
- Strong demand and little competition in the **low-end battery segment**.
- Demand for **service equipment and accessories**, such as brake lathes, is growing as inventory ages.

